



# Iowa Department of Transportation

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January 3, 2012

TO: The Honorable Terry Branstad  
Governor

Michael E. Marshall  
Secretary of the Senate

Charlie Smithson  
Chief Clerk of the House

FROM: Paul Trombino III  
Director

RE: H.F. 2460 – Report concerning Small Businesses and  
Disadvantaged Business Enterprises

Pursuant to H.F. 2460, passed during the 2010 session of the 83<sup>rd</sup> Iowa General Assembly, please find attached the recommendations regarding methods to track and assess the participation of small businesses and disadvantaged business enterprises (DBE) in receiving nonfederal highway funding.

If you have any questions, please let me know.

PT:sa

Attachment

**House File 2460 Calendar Year 2011 Report**  
**Iowa Department of Transportation**  
**January 1, 2012**

House File 2460, passed during the 2010 session of the 83<sup>rd</sup> Iowa General Assembly, requires the Iowa Department of Transportation (DOT) to provide recommendations to the General Assembly and to the Governor regarding methods to track and assess the participation of small business and disadvantaged business enterprises (DBE) in receiving nonfederal highway funding (See Attachment 1). This report fulfills that requirement.

In response to this requirement, the Iowa DOT recommends to the General Assembly and the Governor that the Iowa DOT annually collect small business contract (SBC) data and report it in Excel spreadsheet format to the General Assembly and the Governor. It is recommended the following information be included in the report:

Pre-Letting Information

Letting Date  
Number of Small Business Contracts  
Number of Requested Bidding Documents  
Number of New DOT Bidders  
Number of Existing DOT Bidders

Awarded Contract Information

Low Bid Contractor  
Dollar Amount of Awarded Contract  
Awarded Contractor - New DOT Bidder  
Awarded Contractor -Existing DOT Bidder  
Awarded Contractor- DBE Certified

The summary should also include DOT actions to be taken in reaction to identification of program areas that can be modified or improved to better achieve intended outcomes of the program.

Consistent with this DOT reporting recommendation, an Excel spreadsheet (See Attachment 2) and summary of calendar year 2011 SBC program accomplishments to date (See Attachment 3) are provided.

HF 2460- Section 4  
83<sup>rd</sup> General Assembly

Sec. 4. PARTICIPATION GOALS == SMALL BUSINESSES AND DISADVANTAGED BUSINESS ENTERPRISES.

1. The department of transportation, in cooperation with organizations that represent highway contractors, shall submit recommendations to the general assembly and the governor by November 1, 2010, concerning methods to track and assess the participation of small businesses and disadvantaged business enterprises in receiving nonfederal highway funding. The recommendations may include methods to assess the effort on the part of contractors to achieve participation by small businesses and disadvantaged business enterprises and may involve the establishment of participation goals. Following the consideration and adoption of recommendations by the general assembly, the department shall annually review the small business and disadvantaged business enterprise participation achievements of contractors who were awarded contracts for nonfederal aid highway projects with the department.

2. The department shall work in cooperation with organizations that represent highway contractors, small businesses, and disadvantaged business enterprises to maintain communication among the entities to further the dissemination of information about contract and training resources that are available from the department.



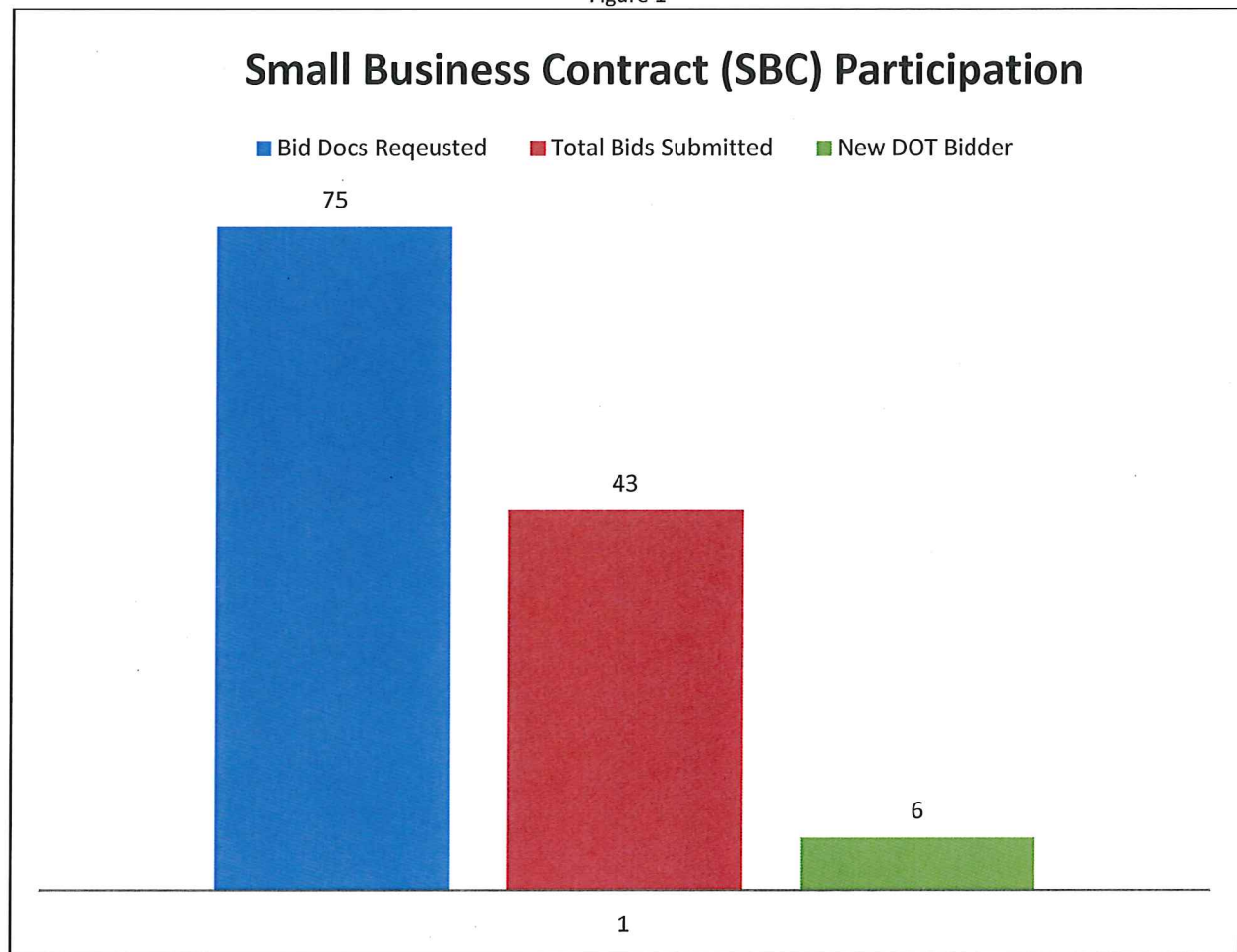


## **2011 Small Business Contract Summary**

Prior to the passage of House File 2460, the Iowa DOT began a pilot program to let for bid small business contracting (SBC). The self-certification process started in late 2009 with anticipation of the first SBC be let in January 2010. Contractor involvement in the SBC program implementation included discussions at the Annual AGC/DBE/DOT Task Force Meeting and a Targeted Small Business Workshop. Informational articles about the SBC program were included in the DOT's Weekly Letting Report Newsletter and Civil Rights Semi-Annual Newsletter. In addition, information was posted to the DOT's Office of Contracts Web page. The results of the program to date are as follows.

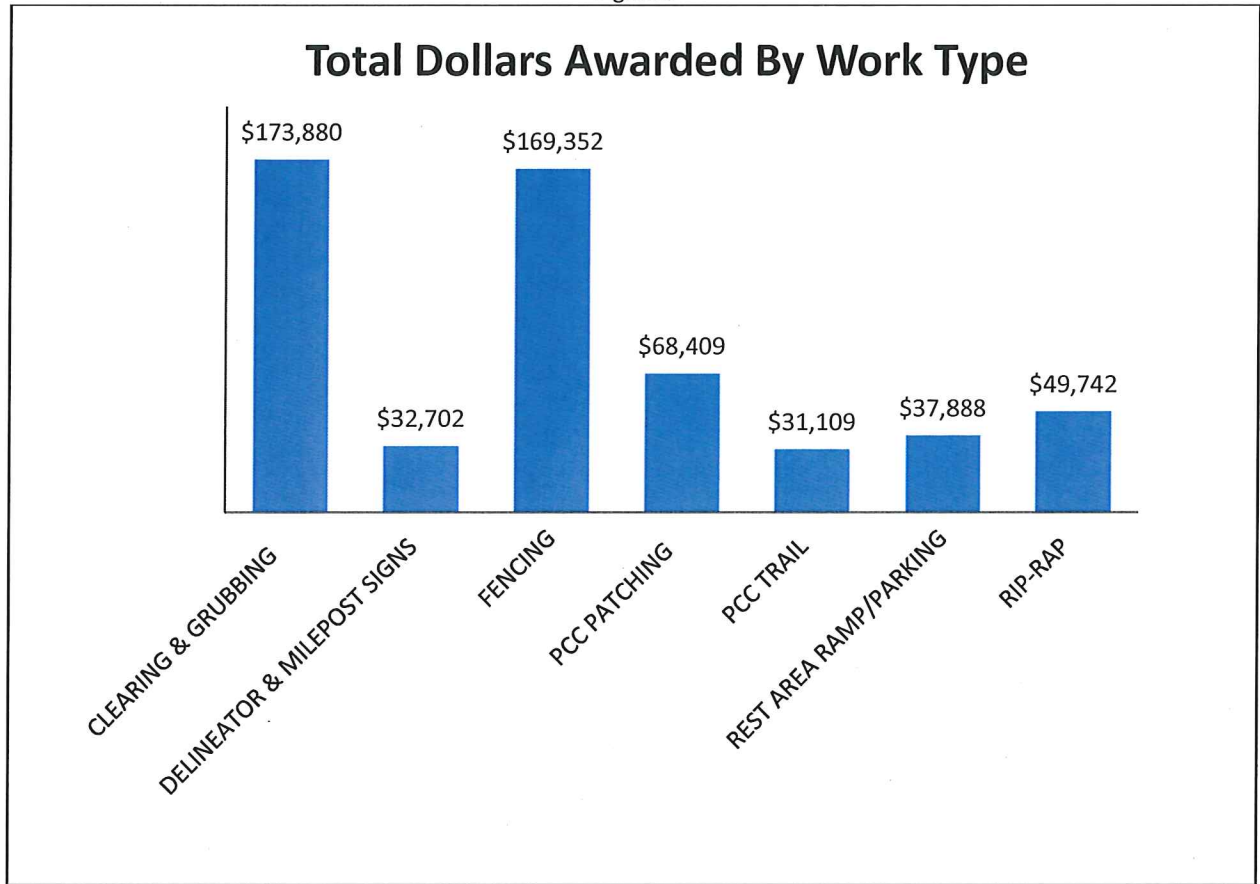
There were four lettings in 2011 with a total of 15 SBCs awarded. The program generated 75 requests for bidding documents from interested contractors. Of those, 43 actual bids were submitted. There were 6 new contractors who registered and submitted bids with the DOT on SBCs (See Figure 1). The "low bidder" dollar amounts awarded totaled \$563,082.

Figure 1



Most of the dollars awarded were for the SBC work types of clearing and grubbing (with five contracts totaling \$173,880) and fencing (with five contracts totaling \$169,352)(See Figure 2).

Figure 2



The projects were located across the state of Iowa with a minor concentration in central Iowa as shown on the Google map below (See Figure 3).

Figure 3





The 15 total contracts let were awarded to 12 contractors. Of those 12 contractors, three were new bidders with the DOT (See Figure 4) and account for 24 percent of the awarded SBC funds (See Figure 5).

Figure 4

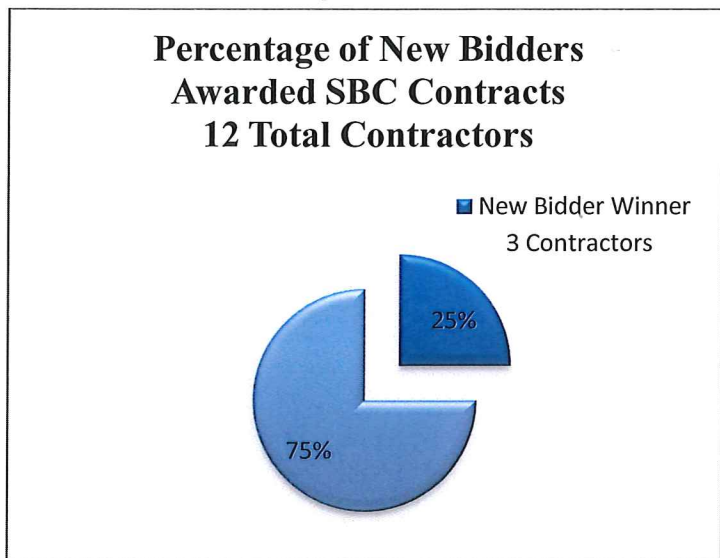
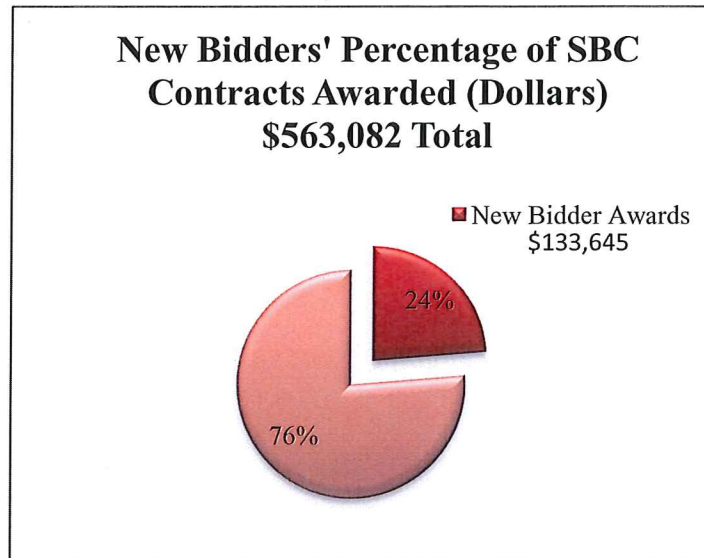
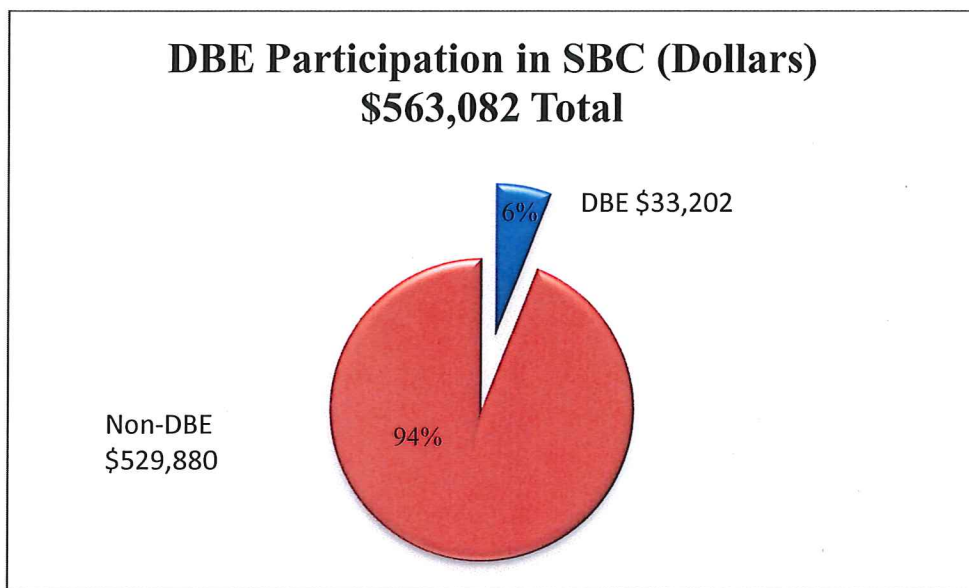


Figure 5



One DBE was awarded one SBC accounting for 6 percent (See Figure 6) of the total SBC funds awarded.

Figure 6



### Future Actions

Due to the difficulty to secure a performance bond by SBC low bidders, the DOT's administration of the SBCs changed with the April 2011 letting. The DOT's Office of Contracts waived the performance bond requirements on contracts under \$25,000, as permitted in Iowa Code section 573.2. Consequently, a material supplier, equipment rental company and sub-contractor, filed a 573 claim for lack of payment by a Prime on a SBC contract. Monitoring will continue to take place to evaluate the effectiveness of the performance bond waiver. In addition, the allowance of sub-contracting presented extra compliance requirements and the consideration to remove sub-contracting is being evaluated on future contracts.

Information will continue to be provided to the public through Office of Contracts Web site updates, newsletters and area meetings with public involvement. In addition, the Iowa DOT increased their efforts to provide contracts near the northern and western borders of the state. These efforts will continue and expand to include new SBC opportunities along the southwestern and northeastern parts of Iowa.